



DEPARTMENT OF CONSERVATION
STATE OF CALIFORNIA

Notice

May 28, 2004

OFFICE OF MINE
RECLAMATION

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CALIFORNIA
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ARNOLD
SCHWARZENEGGER
GOVERNOR

TO: GOLD AND SILVER PRODUCING MINE OPERATORS

SUBJECT: NEW FEES REQUIRED BY SB 649

The purpose of this notice is to alert you to new fee requirements on gold and silver mined within the State of California. These fees were imposed by Senate Bill 649 (Kuehl, Chapter 794, Statutes 2003), which became effective on January 1, 2004. You are receiving this notice because our records indicate that you are the owner or operator of a mine that may be producing gold or silver as a commodity.

The Gold and Silver Fee is in addition to the Annual Reporting Fee imposed on surface mines. Specifically, Public Resources Code Section 2207(d)(4)(B) requires the State Mining and Geology Board (SMGB) to collect five dollars (\$5) per (troy) ounce of gold and ten cents (\$0.10) per (troy) ounce of silver. The SMGB has delegated collection of this fee to the Department of Conservation (Department). Gold and Silver Fee revenues will be deposited into the Abandoned Mine Reclamation and Minerals Fund Subaccount within the Mine Reclamation Account. Upon appropriation by the Legislature, these amounts may be expended by the Department to remediate or complete reclamation of abandoned mine lands within the State.

Initially, the Gold and Silver Fee payment schedule will not coincide with that of the Annual Reporting Fee. For the 2004 reporting year, three separate payments will be required:

<u>Reporting Period</u>	<u>Payment Deadline</u>
January – March 2004	July 1, 2004
April – June 2004	October 1, 2004
July – December 2004	July 1, 2005

For the 2005 reporting year, a single payment will be required and due on July 1, 2006 (i.e., at the same time as the Annual Reporting Fee).

Enclosed is a copy of form AMLU-01 for reporting your January 2004 through March 2004 gold and silver production. This information is proprietary production information and shall not be disclosed to the public pursuant to Section 2207(g) of the Public Resources Code. Please

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complete form AMLU-01 and mail it, along with any corresponding Gold and Silver Fee amount payable, to the following address:

Department of Conservation
Office of Mine Reclamation
801 K Street, MS 09-06
Sacramento, CA 95814

In the coming months, you will receive additional notices and forms for the April – June 2004 reporting period and for the July – December 2004 reporting period. For the 2005 reporting year and subsequent reporting years, the Gold and Silver Fee notices and forms will be incorporated into the Annual Reporting Fee notices and forms.

If you have any questions regarding the new Gold and Silver Fee, please contact the Manager of the Abandoned Mine Lands Unit at (916) 323-9198.

Enclosure

cc: Designated Agent